

A Study on the Conclusive Judgments about the False Advertising of Presale House⁸⁵

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Abstract

There were 61 cases, the fair trade commission (ftc) administrative decision to punish the false presale-house advertising, appealed to the supreme administrative court. The results revealed 5 cases (approximately 8.20%) were abolished and the remaining 56 cases (approximately 92.80%) were approved. Which means the ftc administrative decisions could withstand the tests of administrative remedy and obtain the approval and support of the judiciary.

Constructs businesses may decide not only to show up how much presale-house information on the presale-house advertising but also to fully accomplish the advertising content or not. So the constructs businesses fully manipulated all the presale-house advertising and its realization. Regardless of what serious of the disciplinary action, in fact, constructs businesses got more house-trading opportunities and gained more improper profits by means of the unfair competition method with false presale-house advertising. The consumers, in trading with constructs businesses, suffered pecuniary loss as well as psychological damage. Therefore, it must be regulate the behavior of false presale-house advertising and its derivative unfair house-trading with legal norms.

Because of the light punishments to the 61 cases, it is difficult to prevent the lucrative constructs businesses from making more and more advertisements with false presale-house contents. The punishment, immediately stop illegal false advertising behavior but not impose any administrative fine, is just a symbolic, punitive sanction. It cannot admonish

⁸⁵ In this article, “the Conclusive Judgment” means “the Supreme Administrative Court judgment.”

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the constructs businesses against false presale-house advertising. Ftc should take account of administrative fine and enhance the fine amount seriously to warn the constructs businesses not try to violate the provisions of fair trade act but keep fair competition in the market. It cannot change the unreasonable presale house trading system in the short run. So we propose ftc pay much attention to regulatory compliance, guide and encourage constructs businesses with self-regulation or heteronomy in the industry. Another suggestion is that ftc may set up a special column on its website to reveal the cases of punishments for illegal false presale-house advertising. It is easy for consumers to search the illegal cases and get relative information. Perhaps the measure may warn the constructs businesses not try to violate the provisions again and help the development of presale-house market.

Keywords: Presale House, False Advertising, Asymmetric Information, Cost Externalized, Self-Regulation.